BetaShares
Exchange Traded Funds

2012 TAX GUIDE

This Tax Guide has been prepared for an Australian resident individual investor in a BetaShares Exchange Traded Fund ("Trust"). It contains general information to assist you in completing your 2012 Tax Return, however it should not be relied on as taxation advice. It does not take into account your individual taxation and financial circumstances. As taxation is complex and depends on your own circumstances, you should consult a registered tax agent or accountant when completing your tax return.

The information from your Annual Taxation Statement would generally be included in your 2012 Tax Return (Supplementary Section) as follows. In completing your tax return, you will first need to aggregate any other similar income you receive in addition to income from the relevant Trust.

REFERENCE TO ANNUAL TAXATION STATEMENT	WHERE TO INCLUDE IN YOUR 2012 TAX RETURN FOR INDIVIDUALS (SUPPLEMENTARY SECTION)
ITEM **A**	**Australian income** The amount shown at this item in your Taxation Statement represents the total Australian source income distributed to you by the Trust. If this amount contains a franked dividend component, then the franked dividend component needs to be disclosed separately from the remaining balance of the Australian source income. If you are entitled to the full amount of franking credits distributed to you (refer below), you will need to add your franking credits (Item B in your Taxation Statement) to the franked dividends amount, and insert the total at **Box C** of **Question 13** on your tax return. If you are not entitled to the full amount of franking credit, the figure to be disclosed at Box C of Question 13 may need to be adjusted. You should insert the balance of the Australian source income (other than the franked dividends component) at **Box U** of **Question 13** on your tax return.
B	**Australian franking credits** This is your share of franking credits from franked dividends received by the Trust. These credits may be included in your assessable income, and may be available as a tax offset to you.

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	The ability to claim the franking credits and tax offsets is subject to certain rules, including the holding period rule. In general, if you have held all your units in the Trust at risk for at least 45 consecutive days, you may be able to utilise all the franking credits shown in this Annual Taxation Statement. If this rule is not satisfied, you may be denied the ability to utilise these franking credits. As these rules are complex, you should seek professional advice on your entitlement to claim franking credits in your tax return. If you are entitled to claim the full amount of franking credits, this figure is typically inserted at **Box Q** of **Question 13** on the tax return. You should also add this amount to the franked dividends component in completing **Box C** of **Question 13** on the tax return (as noted above).
ITEM **C**	**Assessable Foreign Source Income** This is your share of assessable foreign income distributed to you by the Trust. The assessable foreign source income to be disclosed in your tax return will be the sum of your foreign income (Item C on your Taxation Statement) and foreign income tax offsets you can claim (refer Item D below). The total of these amounts is typically inserted at **Box E** of **Question 20** on the tax return. The amount to be inserted at **Box M** of **Question 20** on the tax return is the amount of assessable foreign source income after first offsetting any expenses or losses relating to foreign source income to the extent they are allowable. As the foreign source income rules are complex, you may wish to consult a registered tax agent or accountant for further information.
D	**Foreign Income Tax Offsets** This is your share of foreign income tax offsets from the Trust. Broadly, foreign income tax offsets can only be claimed to the extent that they offset Australian tax payable on your net foreign source income. For further information, you should refer to the Australian Tax Office publication "**Guide to foreign income tax offset rules 2011-12"**. Work out the amount of foreign income tax offsets you can claim and insert the amount at **Box O** of **Question 20**. You should also add this amount to the amount shown at Item C in completing **Box E** and **Box M** of **Question 20** on the tax return (as noted above).

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ITEM **E**	**Capital gains** *Net capital gain* If you have no other capital gains/losses from other sources, the sum of these components (i.e. all items marked E) is your net capital gain. This figure is typically inserted at **Box A** of **Question 18** on the tax return. You should also mark "Y" for YES at **Box G** and "N" for NO at **Box Q** of **Question 18** on your tax return if any amounts are shown at any of the items marked E on your Tax Statement. If you have capital losses from other sources or capital losses carried forward from prior years, you will first need to deduct your capital losses from your current year capital gains in a special way. You may also be entitled to the CGT discount concession. You should refer to the Australian Taxation Office Publications "**Guide to capital gains tax 2011-12**" or "**Personal investors guide to capital gains tax 2011-12**" to help you calculate your net capital gain. As the capital gains tax rules are complex, you may wish to consult a registered tax agent or accountant for further information. *Total current year capital gains* If you have no other capital gains from other sources, then **Box H** of **Question 18** on the tax return will typically include the sum of the following amounts: (a) "Capital Gains – Discounted" multiplied by 2 (b) "Capital Gains – Indexation Method" (c) "Capital Gains – Other Method" under both "Capital Gains – Taxable Australian Property" and "Capital Gains – Non Taxable Australian Property". The result is your "Total current year capital gains" and represents your grossed up capital gains prior to applying any capital losses, CGT discount or small business concessions. "Taxable Australian Property" ("TAP") includes interests in Australian real property, non-portfolio interests in interposed entities where the value of such an interest is wholly or principally attributable to Australian real property, and business assets of Australian permanent establishments. "Non Taxable Australian Property" represents investments which are not

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	TAP. Australian resident taxpayers are required to include both TAP and Non-TAP capital gains in their assessable income. **Definition of Terms** The definitions below will assist you in the calculation of your net capital gain. *Capital Gains – Discounted* This represents the taxable portion of capital gains arising from the sale of assets by the Trust where the capital gain has been calculated using the discount method. Generally, the discount method for calculating a capital gain will be available where the asset has been held for at least 12 months. Under the discount method, 50% of the capital gain will be taxable and 50% will be non-taxable for individuals and trusts. *Capital Gains – Indexation Method* This represents capital gains arising from the sale of assets where the capital gains have been calculated using the indexation method. Generally, the indexation method is available for assets acquired before 21 September 1999. Under the indexation method, a capital gain is calculated using a frozen indexed cost base indexed to 30 September 1999. *Capital Gains – Other Method* This represents capital gains other than discount capital gains or capital gains calculated using the indexation method. Such gains will be assessable. Generally, such gains have arisen from the disposal of assets which have been held by the Trust for less than 12 months. *CGT concession amount* This represents the portion of discount capital gains of the Trust (calculated using the discount method) which is distributed but not required to be included in assessable income. These amounts do not require an adjustment to the cost base of units for capital gains tax purposes.

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ITEM **F**	**Other Non-assessable Amounts** **Tax Exempt income** This represents amounts that are referred to in subsection 104-71(1) of the *Income Tax Assessment Act 1997*. **Tax Deferred income** Tax deferred amounts are non-assessable amounts which typically arise from depreciation and building allowance deductions or distributions of capital by the Trust. For capital gains tax purposes, you are required to adjust the cost base of your units in the Trust for the tax-deferred amounts distributed to you (other than distributions of CGT concession amounts). Generally, you are not required to include tax-deferred amounts in your tax return. However, you may need to recognise a capital gain in the current year to the extent that the tax-deferred amounts exceed the remaining cost base of your units in the Trust. As the capital gains tax rules are complex, you should seek professional advice in this regard. **Tax Free income** This generally represents income received by the Trust from certain Pooled Development Fund ("PDF") and infrastructure investments.
ITEM **Withholding tax**	**Withholding tax** If you have not supplied a tax file number or claimed a relevant exemption, income tax at a rate of 46.5% (45% being the highest tax rate plus 1.5% Medicare levy) will have been deducted for all income distributed to you by the Trust and the amount withheld would have been shown as "Withholding Tax" in your Taxation Statement. You may be entitled to a credit for the amounts withheld, in which case the amount of the credit should be inserted at **Box R** of **Question 13** on your tax return.